

ACCOUNTING PRINCIPLES AND STANDARDS HANDBOOK

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CHAPTER 1. INTRODUCTION

Section 1.0 Purpose

The Handbook sets forth the accounting principles and standards to be followed in the Department of Commerce in the design and operations of an accounting system(s). The purpose of this Handbook is also to provide specific accounting and related principles and standards against which financial management and accounting system(s) can be evaluated and improved.

Section 2.0 Authority

The Accounting Principles and Standards Handbook, hereafter referred to as the Handbook, is issued in handbook form pursuant to Departmental Administrative Order 203-4, "Accounting Principles and Standards," dated September 14, 1992. The principles and standards are also prescribed to assure compliance with:

- a. The Budget and Accounting Act of 1921, as amended (31 U.S.C. Sec. 701, et seq.);
- b. The Budget and Accounting Procedures Act of 1950, as amended (31 U.S.C. Sec. 3501, et seq.);
- c. The Federal Managers' Financial Integrity Act of 1982 (P.L. 97-255);
- d. The Chief Financial Officers Act of 1990 (P.L. 101-576 (31 U.S.C. Sec. 501 et seq.));
- e. The Government Performance and Results Act of 1993 (P.L. 103-62);
- f. The Government Management Reform Act of 1994 (P.L. 103-356);
- g. The Federal Financial Management Improvement Act of 1996 (FFMIA) (P.L. 104-208, Div A, Title I, sec. 101(f), [Title VIII, sec. 801 et seq.](31 U.S.C. Sec. 3512 note);

- h. The General Accounting Office (GAO) Policy and Procedures Manual for Guidance of Federal Agencies;
- i. Office of Management and Budget (OMB) Circulars A-123, "Management Accountability and Control" and A-127, "Financial Management Systems"; and
- j. Financial Accounting Standards Advisory Board (FASAB) Statements of Federal Financial Accounting Concepts and Standards.®

Although the above statutes and central agency accounting principles and standards and other requirements provide the "foundation" for the Department's Handbook, additional Departmental guidance is provided wherever necessary to ensure that established financial objectives and responsibilities are met by the various accounting and finance organizations within the Department.

Section 3.0 Responsibilities

.01 Chief Financial Officer and Assistant Secretary for Administration

The Chief Financial Officer (CFO) and Assistant Secretary for Administration oversees all matters relating to financial management and accounting for the Department, and advises the Secretary of Commerce on these matters. The CFO's primary responsibilities relating to accounting principles and standards include, but are not limited to:

- a. Developing and maintaining an integrated Departmental accounting and financial management system, including systems for financial reporting and internal controls.
- b. Providing for:
 - 1. Complete, reliable, consistent, and timely information which is prepared on a uniform basis and which is responsive to the financial information needs of agency management;

2. The development and reporting of cost information;
 3. The integration of accounting and budgeting information; and
 4. The systematic measurement of performance.
- c. Making recommendations to the Secretary regarding the selection of the Deputy Chief Financial Officer of the Department;
- d. Directing, managing, and providing policy guidance and oversight of agency financial management personnel, activities, and operations, including:
1. The preparation and annual revision of the Department's 5-year financial management plan;
 2. The development of the Department's financial management budget;
 3. The recruitment, selection, and training of personnel to carry out the Department's financial management functions;
 4. The approval and management of the Department's financial management systems design or enhancement projects;
 5. The implementation of the Department's asset management systems, including systems for cash management, credit management, debt collection, and property and inventory management and control;
 6. Prepare and transmit an annual report to the Secretary and the Director, Office of Management and Budget, which shall include:
 - o Description and analysis of the status of financial management of the Department;

- o Annual financial statements;
 - o Audit reports;
 - o A report that indicates the Department's compliance with FFMIA;
 - o A summary of the reports on internal accounting and administrative control systems submitted to the President and the Congress in accordance with the Federal Managers' Financial Integrity Act of 1982;
 - o Other information the Secretary considers appropriate to fully inform the President and the Congress concerning the financial management of the Department.
 - o Review the financial performance of each of the Department's bureaus.
7. Monitor the financial execution of the budget of the Department in relation to actual expenditures, and prepare and submit to the Secretary timely performance reports; and
8. Review, on a biennial basis, the fees, royalties, rents, and other charges imposed by the Department for services and things of value it provides and make recommendations on revising those charges to reflect costs incurred by it in providing those services and things of value.

For specific responsibilities of the CFO, see Department Administrative Order 10-5, Chief Financial Officer/Assistant Secretary for Administration, and Reference A, Chief Financial Officers Act of 1990.

.02 Deputy Chief Financial Officer

The Deputy Chief Financial Officer (DCFO) and

Director for Financial Management is responsible for maintaining and updating this Handbook. The DCFO is also responsible for interpretation of policy, standards, principles, and procedures contained in this Handbook. Requests for exemption to the Department's accounting principles and standards, which may become necessary because of unusual or special circumstances, will be submitted by the bureau finance officer to the Chief Financial Officer/Assistant Secretary for Administration for approval. Requests for exemption shall be submitted to the CFO through the DCFO.

Section 4.0 Issuance of the Handbook

.01 Distribution

The Handbook will be distributed by bureau finance officers to personnel having budget, accounting, and related financial management responsibilities within their organization. Any subsequent revisions to the Handbook will be issued via e-mail to members subscribing to the DOC Handbook List Group (listserv@list.osec.doc.gov). The Handbook can be downloaded from the Internet at the following address:

<http://www.osec.doc.gov/ofm/acctg/cover.htm>

.02 Revisions

When necessary, revisions of the accounting principles and standards will be issued to:

- a. Implement new or revised financial management requirements established by the Congress, the Office of Management and Budget, the General Accounting Office, the Federal Accounting Standards Advisory Board, or the Department of the Treasury.
- b. Comply with new mission or functional requirements which may become the responsibility of the Department, or which may come within the

scope of accounting operations.

- c. Promote the use of innovative technologies and procedures.
- d. Provide further guidance on the operational improvement or design of financial management and accounting system(s) within the Department.

.03 Format

Revisions will be issued in electronic format.